

Notice: This document is an excerpt translation of the original Japanese document and is for reference purposes only. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 [Japanese GAAP]



May 10, 2024

Company name: Business Engineering Corporation
 Stock exchange listing: Tokyo Stock Exchange, Prime Market
 Code number: 4828
 URL: <https://www.b-en-g.co.jp/>
 Representative: Masakazu Haneda, President & CEO
 Contact: Shigeaki Betsunou, Senior Managing Director and Division General Manager, Corporate Administration & Planning Div.
 Phone: +81-3-3510-1600
 Scheduled date of the Annual General Meeting of Shareholders: June 21, 2024
 Scheduled date of commencing dividend payments: June 24, 2024
 Scheduled date of filing securities report: June 27, 2024
 Availability of supplementary briefing materials on financial results: Available
 Schedule of financial results briefing session: Scheduled (for securities analysts)

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 31, 2024	19,493	5.3	3,885	19.7	3,877	19.3	2,625	12.8
March 31, 2023	18,506	4.2	3,246	34.5	3,250	33.0	2,328	41.6

(Note) Comprehensive income: Fiscal year ended March 31, 2024: ¥2,644 million [12.1%]
 Fiscal year ended March 31, 2023: ¥2,357 million [58.3%]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2024	219.10	–	25.9	26.6	19.9
March 31, 2023	194.02	–	27.8	26.1	17.5

(Reference) Investment profit (loss) on equity method: Fiscal year ended March 31, 2024: ¥– million
 Fiscal year ended March 31, 2023: ¥– million

(Note) The Company split its common shares at a ratio of two shares for one share on June 1, 2022. The basic earnings per share were calculated based on the assumption that the share split had taken place at the beginning of the fiscal year ended March 31, 2023.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2024	15,718	10,950	69.7	914.49
As of March 31, 2023	13,408	9,287	69.3	773.95

(Reference) Equity: As of March 31, 2024: ¥10,950 million
 As of March 31, 2023: ¥9,287 million

(3) Status of Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
March 31, 2024	3,553	(1,127)	(1,003)	8,381
March 31, 2023	3,278	(696)	(549)	6,966

2. Dividends

	Annual dividends					Total amount of dividends (Annual)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended March 31, 2023	–	21.00	–	43.00	64.00	767	33.0	9.2
Fiscal year ended March 31, 2024	–	32.00	–	46.00	78.00	935	35.6	9.2
Fiscal year ending March 31, 2025 (Forecast)	–	42.00	–	42.00	84.00		35.3	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025 (April 1, 2024 to March 31, 2025)

(% represents changes from the previous fiscal year for full year, and on a year-on-year basis for quarterly results.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	10,300	5.0	2,150	1.7	2,150	1.1	1,470	1.8	122.76
Full year	20,500	5.2	4,200	8.1	4,200	8.3	2,850	8.5	238.01

*** Notes:**

(1) Changes in significant subsidiaries during the fiscal year ended March 31, 2024: No
(Changes in specified subsidiaries resulting in changes in scope of consolidation)
New subsidiaries: – Excluded subsidiaries: –

(2) Changes in accounting policies, changes in accounting estimates and retrospective restatement

- 1) Changes in accounting policies due to the revision of accounting standards: No
- 2) Changes in accounting policies other than 1) above: No
- 3) Changes in accounting estimates: No
- 4) Retrospective restatement: No

(3) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

March 31, 2024: 12,000,000 shares

March 31, 2023: 12,000,000 shares

2) Total number of treasury shares at the end of the period:

March 31, 2024: 25,644 shares

March 31, 2023: 198 shares

3) Average number of shares during the period:

Fiscal year ended March 31, 2024: 11,984,215 shares

Fiscal year ended March 31, 2023: 11,999,833 shares

(Notes)1 The Company split its common shares at a ratio of two shares for one share on June 1, 2022. The total numbers of issued shares at the end of the period (including treasury shares), the total numbers of treasury shares at the end of the period and the average numbers of shares during the period were calculated based on the assumption that the share split had taken place at the beginning of the fiscal year ended March 31, 2023.

2 “Total number of treasury shares at the end of the period” and “Average number of shares during the period” are calculated by including the Company’s shares held by stock grant trust for directors in the treasury shares that are deductible.

(Reference) Overview of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(1) Non-consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit	
Fiscal year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2024	19,028	5.4	3,401	21.2	3,363	20.8	2,291	14.4
March 31, 2023	18,047	3.7	2,806	33.8	2,785	33.3	2,003	41.7

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
March 31, 2024	191.20	–
March 31, 2023	166.93	–

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2024	15,579	9,455	60.7	789.61
As of March 31, 2023	13,229	8,118	61.4	676.58

(Reference) Equity: As of March 31, 2024: ¥9,455 million

As of March 31, 2023: ¥8,118 million

2. Non-consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025 (April 1, 2024 to March 31, 2025)

(Percentages represent changes from the previous fiscal year for full year, and on a year-on-year basis for quarterly results)

	Net sales		Ordinary profit		Profit		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Yen
First half	10,000	4.4	1,900	1.3	1,300	1.5	108.57
Full year	20,000	5.1	3,700	10.0	2,500	9.1	208.78

* These financial results are outside the scope of audit by certified public accountants or audit firms.

* Explanation of the proper use of financial results forecast and other notes

The earnings forecasts and other forward-looking statements herein are based on the information currently available to the Company and certain assumptions that are deemed reasonable. They are not a pledge by the Company to achieve the forecasted results. Actual results, etc. may differ significantly from these forecasts due to a wide range of factors. For more details on the above forecasts, please refer to “1. Overview of Operating Results, etc., (4) Future Outlook” on page 6.

Table of Contents

1. Overview of Operating Results, etc.	2
(1) Overview of Operating Results for the Fiscal Year under Review	2
(2) Overview of Financial Position for the Fiscal Year under Review	4
(3) Overview of Cash Flows for the Fiscal Year under Review	5
(4) Future Outlook	6
(5) Basic Policy on Profit Distribution and Dividends for the Fiscal Year under Review and Next Fiscal Year	6
2. Status of Corporate Group	7
3. Management Policies.....	8
(1) Basic Policy on Management	8
(2) Target Business Indicators	8
(3) Medium-to-Long-term Management Strategies and Issues to be Addressed	8
4. Basic Views on Selecting Accounting Standards	11
5. Consolidated Financial Statements.....	12
(1) Consolidated Balance Sheet	12
(2) Consolidated Statements of Income and Comprehensive Income	14
(3) Consolidated Statement of Changes in Equity	16
(4) Consolidated Statement of Cash Flows.....	18

1. Overview of Operating Results, etc.

(1) Overview of Operating Results for the Fiscal Year under Review

During the fiscal year ended March 31, 2024, the Japanese economy gradually recovered as corporate earnings improved and business sentiment remained at a favorable level, although the country saw some signs of weakness.

In the information service industry, customers' willingness to invest in digital transformations (DX) is robust, and investments in information technology in the manufacturing industry remained strong.

In such a business environment, under the management plan "Management Vision 2026 Revised Version" for the six years through the fiscal year ending March 31, 2027, the Group has worked to resolve management issues such as the promotion of DX and global expansion in the manufacturing industry, in order to support its main customers facing changes in the business environment of the manufacturing industry with products and services that leverage the strengths of the Group. At the same time, the Group has been working to contribute to sustainability.

The main initiatives in the fiscal year under review are as follows:

- The Company promoted its customers to improve the efficiency of operations, as well as accumulated knowledge and know-how on various products, through providing complex solutions that link ERP systems and various systems and services.
- The Company worked to increase the added value of the solutions through efforts to enhance the solution portfolio and promote "Monozukuri Digitalization" toward a digitalized manufacturing industry by strengthening functions of in-house developed products and promoting collaboration with potent partners.
- The Company worked to strengthen functions of and expand the in-house developed ERP package "mcframe" series products. In particular, the Company promoted the development of a SaaS (Software as a Service) type product of "mcframe" for the release of a version with enhanced functions in April 2024.
- The Company worked to promote business that maximizes the value of data accumulated after a system is introduced and co-creation type business with users to support innovation in business models and the development of innovative services in the manufacturing industry. In particular, the Company worked on the co-creation with the pharmaceutical industry to respond to evolving pharmaceuticals manufacturing (cell medicine, continuous production, etc.).
- Overseas, the head office in Tokyo and local subsidiaries and partners worked together to further expand the integrated customer support system in order to strengthen our sales activities and development system. The Company also strove to strengthen relationships with local partners by investing in them, aiming to expand sales of "mcframe" series products in the Philippines and Vietnam. In addition, the Company focused on providing cloud-based system services, which enables cooperation between the customers' head office in Japan and their overseas bases, besides conventional introduction of IT at overseas locations of customers.
- Based on the recognition that human resources are the source of the Group's competitiveness, the Company views human resources as capital, and promoted human capital management through recruitment, nurturing human resources and retention, engagement improvement, workstyle reform and diversity, and equity and inclusion, in order to maximize their value to enhance the Company's corporate value over the medium- to long-term.
- The Company strove to develop and provide products and services that support digitalization and sustainability activities that contributes to resolving social issues of customers. In addition to the establishment of ESG-related policies and identification of materiality (material issues), the Company set targets for reducing greenhouse gas emissions (Scope 1 and 2), and worked to address issues surrounding the Group's sustainability.
- In order to achieve medium- to long-term growth and enhance corporate value, the Company invested mainly in three areas of product development, human resources and human capital, and enhancement of technological capabilities and systems.

In the fiscal year under review, we achieved consecutive record highs in terms of orders, sales, and profit.

Orders received were ¥19,955 million (up 3.8% year on year) and net sales were ¥19,493 million (up 5.3% year on year), reflecting growth supported by robust investments in information technology, with both setting consecutive record highs, mainly owing to increased orders and sales in the Solutions Business and increased license sales in the Products Business. In addition, owing to robust license sales, sales of mcframe licenses were ¥4,364 million (up 14.9% year on year), setting a consecutive record high. In terms of profits, owing to factors such as the improvement of project profitability in the Solutions Business and growth in license sales in the Products Business, as well as the improvement of profitability in the Systems Support Business, in addition to profit growth from increased net sales, operating profit was ¥3,885 million (up 19.7% year on year), ordinary profit was ¥3,877 million (up 19.3% year on year), and profit attributable to owners of parent was ¥2,625 million (up 12.8% year on year), achieving record-highs in each profit indicator for eight consecutive fiscal years.

Operating results by business segment are as follows.

The Group implemented organizational changes on April 1, 2023, and has transferred some projects from the Products Business to the Solutions Business. For comparison and analysis with the fiscal year ended March 31, 2023, we used figures after retrospective application of the organizational changes.

(i) Solutions Business

The Solutions Business mainly engages in the consulting and system construction services, which are based on ERP package products developed by other companies.

- The Company continued to deepen relationships with customers, focused on activities for offering proposals suited to customers' needs from medium- to long-term perspectives, and strove to acquire orders from a wide range of industries including machine and precision equipment, pharmaceuticals, foods, and chemicals.
- The Company focused on offering ERP system at the top and other systems such as the manufacturing execution system or the planning and analysis system for supply chains and business management, as well as cloud-based solutions.
- The Company focused on areas with high added value in which the Solutions Business has strengths, and worked to improve project profitability, which led to growth in profits.

Orders received for this segment were ¥12,980 million (up 0.9% year on year), net sales were ¥12,767 million (up 2.4% year on year), and segment profit was ¥3,244 million (up 13.3% year on year).

(ii) Products Business

The Products Business mainly engages in sales of the in-house developed ERP package “mcframe” series products through business partners as well as consulting and system construction services based on these products.

- The Company focused on the enhancement of brand appeal for “mcframe,” by strengthening functions of core product “mcframe 7” as well as other functions that contribute to global business development and digitalization for customers, and IoT services functions that contribute to improving work efficiency and acquiring work skills at manufacturing sites.
- The Company held many events and seminars to actively develop sales promotion activities.
- The Company's long-term efforts to increase business partners and engineering partners and to strengthen relationships with them resulted in the acquisition of new customers and projects. In addition, an increase in sales of the core product “mcframe 7” and its peripheral solutions led to growth in sales of licenses.

Orders received for this segment were ¥6,477 million (up 8.5% year on year), net sales were ¥6,326 million (up 12.8% year on year), and segment profit was ¥2,024 million (up 22.3% year on year).

(iii) Systems Support Business

The Systems Support Business mainly engages in operation and maintenance services of systems introduced to customers, and offering proposals and additional development through these services. This business segment is operated by Business System Service Corporation, a subsidiary of the Company.

- The Company worked to enhance life cycle support for the customers' systems.
- The Company focused on improving service quality and productivity as well as striving to develop new customers and projects to establish a base for stable revenue and profits.

As a result, orders received for this segment were ¥497 million (up 29.3% year on year), net sales were ¥398 million (down 5.9% year on year), and segment profit was ¥498 million (up 10.7% year on year).

(2) Overview of Financial Position for the Fiscal Year under Review

(Assets)

Current assets increased by ¥1,761 million from the end of the previous fiscal year to ¥12,583 million. This was mainly attributable to an increase in cash and deposits and an increase in notes and accounts receivable – trade, and contract assets. The ratio of current assets to total assets at the end of the fiscal year under review was 80.1%.

Non-current assets increased by ¥548 million from the end of the previous fiscal year to ¥3,135 million. This was mainly attributable to purchase of intangible assets, which exceeded the depreciation of intangible assets, an increase due to purchase of investment securities, and purchase of property, plant, and equipment, which exceeded the depreciation of property, plant, and equipment.

As a result, total assets at the end of the fiscal year under review increased by ¥2,309 million from the end of the previous fiscal year to ¥15,718 million.

(Liabilities)

Liabilities at the end of the fiscal year under review increased by ¥646 million from the end of the previous fiscal year to ¥4,767 million. This was mainly attributable to an increase in income taxes payable and an increase in advances received.

(Net assets)

Net assets at the end of the fiscal year under review increased by ¥1,663 million from the end of the previous fiscal year to ¥10,950 million. This was mainly attributable to an increase owing to the recording of profit attributable to owners of parent, a decrease due to dividends of surplus, and a decrease due to purchase of treasury shares by stock grant trust for directors.

As a result, the equity ratio at the end of the fiscal year under review increased by 0.4 percentage points from the end of the previous fiscal year to 69.7%.

(3) Overview of Cash Flows for the Fiscal Year under Review

Cash and cash equivalents at the end of the fiscal year under review increased by ¥1,414 million from the end of the previous fiscal year to ¥8,381 million.

(Cash flows from operating activities)

Cash flows provided by operating activities during the fiscal year ended March 31, 2024 increased by ¥274 million from the same period of the previous year to ¥3,553 million. This was mainly attributable to the recording of profit before income taxes of ¥3,877 million as well as income taxes paid of ¥767 million, depreciation of ¥703 million, an increase in trade receivables of ¥265 million, a decrease in accrued consumption taxes of ¥199 million, and an increase in advances received of ¥184 million.

(Cash flows from investing activities)

Cash flows used in investing activities during the fiscal year ended March 31, 2024 increased by ¥431 million from the same period of the previous year to ¥1,127 million. This was mainly attributable to purchase of tangible and intangible assets (including developmental investment in “mcframe,” an in-house developed ERP package), and purchase of investment securities.

(Cash flows from financing activities)

Cash flows used in financing activities during the fiscal year ended March 31, 2024 increased by ¥454 million from the same period of the previous year to ¥1,003 million. This was mainly attributable to expenditure arising from the payment of dividends.

(Reference) Changes in indices related to cash flows

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Equity ratio (%)	65.1	69.3	69.7
Equity ratio based on market price (%)	202.3	268.5	286.1
Ratio of interest-bearing liabilities to cash flows (%)	0.0	0.0	0.0
Interest coverage ratio (times)	549.7	1,334.5	1,450.9

Equity ratio: Equity/Total assets

Equity ratio based on market price: Market capitalization/Total assets

Ratio of interest-bearing liabilities to cash flows: Interest-bearing liabilities/Cash flows

Interest coverage ratio: Cash flows/Interest payment

(Notes) 1. Each index was calculated using consolidated financial figures.

2. Market capitalization is the amount of the closing price of share at the end of the period multiplied by the total number of issued shares at the end of the period (after deduction of treasury shares).

3. Operating cash flows were used for cash flows in the above indices.

4. Interest-bearing liabilities represent all liabilities recorded on the balance sheet for which interest was paid.

(4) Future Outlook

The Japanese economy is expected to continue to gradually recover, with the overseas economies gradually growing.

Investment in information technology in the manufacturing industry is expected to stay firm overall.

Under these circumstances, the Group will promote the management plan “Management Vision 2026 Revised Version,” in which it will deepen relationships with customers to explore customers’ needs, strengthen relationships with business partners for our in-house developed product “mcframe” to acquire orders and secure profitability. In addition, the Group will promote the allocation of management resources to growth investments to achieve sustainable growth and enhance corporate value over the medium- to long-term. The Group plans to allocate management resources mainly to growth investments related to R&D, business development, human resources, business foundation, and M&As.

The Group’s outlook for the consolidated financial results for the next fiscal year is expected to increase in both sales and profit. The Group plans to make steady progress toward the achievement of the financial results targets set forth in the management plan.

[Consolidated]	2nd quarter Consolidated cumulative period	(Year on year)	Full year	(Year on year)
Net sales	¥10,300 million	(Up 5.0%)	¥20,500 million	(Up 5.2%)
Operating profit	¥2,150 million	(UP 1.7%)	¥4,200 million	(Up 8.1%)
Ordinary profit	¥2,150 million	(Up 1.1%)	¥4,200 million	(Up 8.3%)
Profit attributable to owners of parent	¥1,470 million	(Up 1.8%)	¥2,850 million	(Up 8.5%)

(5) Basic Policy on Profit Distribution and Dividends for the Fiscal Year under Review and Next Fiscal Year

The Company is working to return profits to shareholders in consideration of overall factors including the business environment surrounding the Company, expected financial results, and the financial standing of the Company. The Company intends to provide shareholder returns through dividend payments, and its basic policy is to strive for a progressive dividend and maintain a consolidated dividend payout ratio of over 35% in the medium to long term. In addition, the Company makes dividend payments twice a year as an interim dividend and a year-end dividend under the basic policy.

Internal reserves are mainly allocated to investment for strengthening competitiveness and utilized for a stable business foundation and performance improvement.

In accordance with the above policy, the Company plans to pay a year-end dividend of ¥46 per share as an ordinary dividend for the fiscal year under review. Together with an interim dividend of ¥32 per share already paid, the annual dividend will be ¥78 per share for the fiscal year under review. As a result, the annual dividend for the fiscal year under review is expected to reach a record high and to increase for the ninth consecutive fiscal year.

For the fiscal year ending March 31, 2025, the Company plans to pay an annual dividend of ¥84 per share (an interim dividend of ¥42 and a year-end dividend of ¥42), in accordance with the above policy.

2. Status of Corporate Group

The Group consists of the Company, two (2) consolidated subsidiaries, and five (5) non-consolidated subsidiaries and engages in the information service business. The segments include the “Solutions Business,” “Products Business,” and “Systems Support Business.”

The description of each business segment and the business structure are as follows.

(1) Solutions Business

This segment mainly utilizes ERP package products developed by other companies to provide services for design, development, and introduction of corporate information systems.

Major company in charge: The Company

(2) Products Business

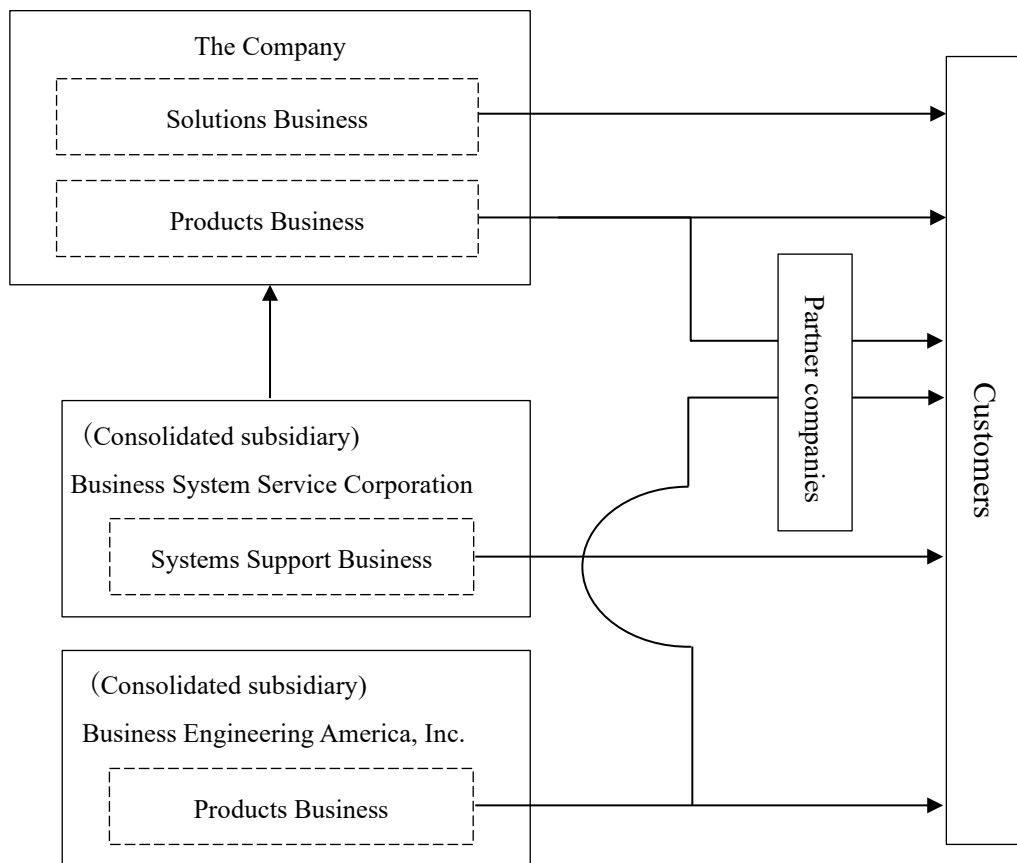
This segment sells ERP package products developed by the Company through partner companies and provides services for design, development, and introduction of corporate information systems utilizing those products.

Major company in charge: The Company, Business Engineering America, Inc.

(3) Systems Support Business

This segment provides support services including operation and maintenance of systems for companies that have introduced core business systems.

Major company in charge: Business System Service Corporation



(Notes) 1. Provision of various information services: —————→

2. In addition to the above consolidated subsidiaries, there are five (5) non-consolidated subsidiaries.

3. Management Policies

(1) Basic Policy on Management

As a corporate group that utilizes the new value of information technologies (IT) for customer success, the Group supports business innovation for customers in a wide range of industries including manufacturing.

In order to meet customers' needs that have become more sophisticated, complicated, and globalized, the Group works on the provision of software products and services of a high quality through evaluation and introduction of advanced technologies.

[Corporate philosophy]

With customer satisfaction as its foremost goal, the Group is committed, as a professional group, to contributing to society through the creation of new value.

[Brand statement]

Business Engineering for Growth

[Purpose]

Engineering Value-Creating Businesses

(2) Target Business Indicators

The management goal of the Group is to improve corporate value through continuous expansion of businesses. The Group focuses on return on equity (ROE) among other business indicators and strives for a higher ROE.

(3) Medium-to-Long-term Management Strategies and Issues to be Addressed

• **Management environment and medium-to-long-term management strategy of the Group**

The Group works on the strategies of the “four pillars” of the management plan “Management Vision 2026 Revised Version” to support the manufacturing industry with products and services that leverage its strengths in response to changes in the business environment in the manufacturing industry where the Group's major customers operate business.

<Changes in business environment of customers>

1. Digital transformation

As a way to respond to Japan's 2025 Digital Cliff and the impact of COVID-19, digital transformation will further accelerate in the future.

2. Innovation of business models in manufacturing

As values in society shift along with the end of the era of mass production and mass consumption, innovation in manufacturing business models will progress.

3. Globalization

With an increasingly multipolar global economy and a shrinking Japanese market, overseas relocation will advance. COVID-19 will cause changes in needs for the global supply chain.

4. Achievement of a sustainable society (sustainability)

Toward the achievement of a sustainable society, companies will be required to work to reduce the burden on the global environment and resolve social issues.

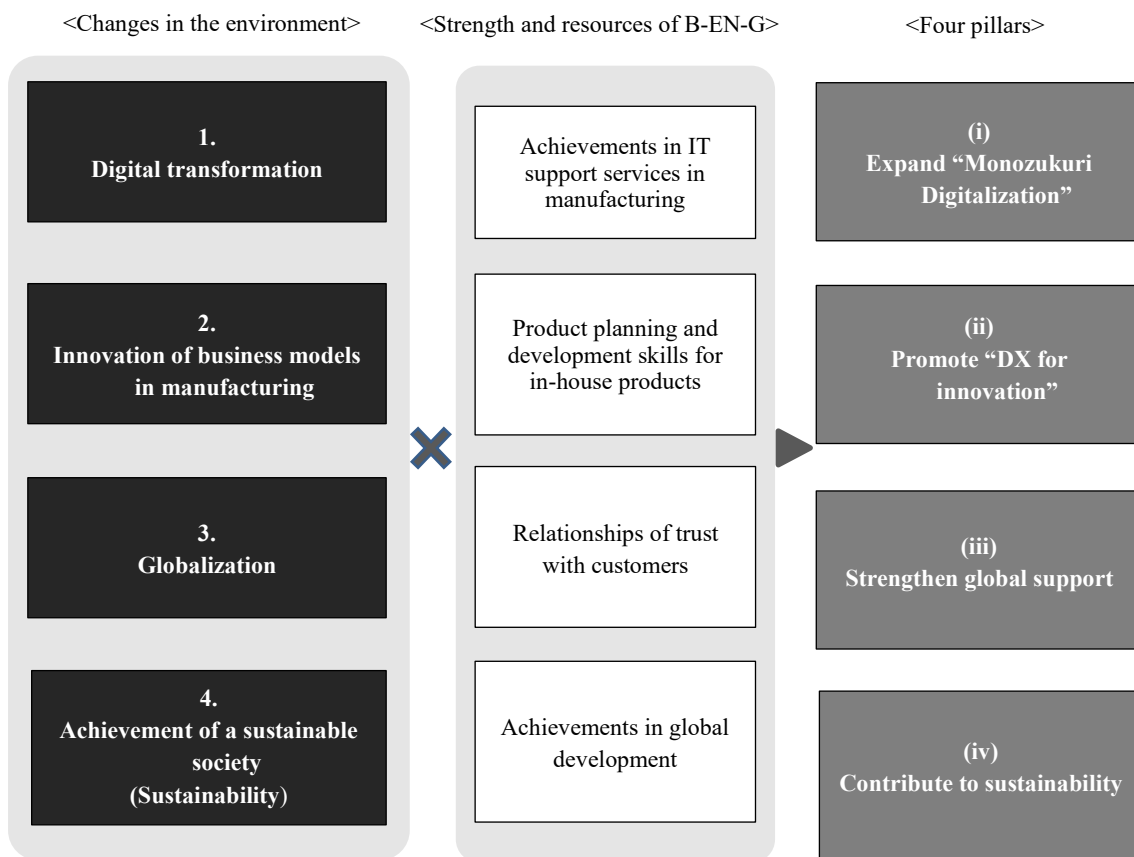
<Strength and resources of B-EN-G>

- Achievements in IT support services in manufacturing
The Company has supported implementation of IT in manufacturing for over 20 years.^(*1)
 - Product planning and development skills for in-house products
The Company boasts development skills for its highly acclaimed in-house products utilizing its technologies and expertise.
 - Relationships of trust with customers
The Company boasts strong relationships with customers based on trust and issue-solving skills established over 20 years.
 - Achievements in global development
The Company supports global development by utilizing its ample experience and expertise based on its development track record in 25 countries worldwide.
- *1: The Company has track record of more than 30 years including experience in the plant systematization support business of Toyo Engineering Corporation, the predecessor company, prior to its business launch in April 1999.

<Four pillars>

- 1) Expand “Monozukuri Digitalization”^{(*)2}
We will promote DX for efficient operations with “Monozukuri Digitalization,” aiming at optimal provision of products and services.
- 2) Promote “DX for innovation”
While supporting innovation in business models for customers, we will work on our own business innovation through creation of new types of business.
- 3) Strengthen global support
We continuously reinforce global development for the Japanese manufacturing industry to expand our own businesses.
- 4) Contribute to sustainability
We will contribute to the achievement of a sustainable society through initiatives to resolve social issues that leverage the strengths of the Company.

*2: To realize efficiency by digitalizing operations related to “Monozukuri (manufacturing in Japanese),” leading to business innovation.



• **Issues to be Addressed**

With an expected continuation of a moderate economic recovery, investment in information technology is anticipated to stay firm overall.

Under these circumstances, we will promote the management plan “Management Vision 2026 Revised Version” mentioned above, work on creation of business opportunities and enhancement of our merchandise and services, and take the next step to achieve sustainable growth and enhance corporate value over the medium- to long-term.

- Improve quality and productivity of system integration, secure profitability, and suppress unprofitable projects.
- Deepen relationships with customers, strengthen proposals and solutions that capture customer needs, promote co-creation of business with customers, build stronger alliances with potent partners, and strengthen relationships with business partners.
- Respond flexibly to customer needs according to their usage types (owner or user). Strengthen SaaS business by expanding SaaS-type products and services.
- Expand products and services that contribute to solving social issues, supporting sustainability of the manufacturing industry.
- Promote human capital management through recruitment, nurturing human resources and retention, engagement improvement, workstyle reform and diversity, and equity and inclusion
- Promote initiatives for sustainability activities and materiality, implement ongoing improvement in corporate governance, and strengthen business continuity activities.

4. Basic Views on Selecting Accounting Standards

The Group adopts Japanese GAAP (Japanese accounting standards).

In view of various situations, the Group will also proceed to consider the application of IFRS (International Financial Reporting Standards).

5.Consolidated Financial Statements
(1) Consolidated Balance Sheet

	(thousands of yen)	
	FY03/2023 (As of Mar. 31, 2023)	FY03/2024 (As of Mar. 31, 2024)
Assets		
Current assets		
Cash and deposits	6,966,947	8,381,943
Notes and accounts receivable - trade, and contract assets	3,261,012	3,526,528
Work in process	2,487	9,228
Other	591,179	665,546
Total current assets	10,821,627	12,583,247
Non-current assets		
Property, plant and equipment		
Buildings	234,415	249,600
Accumulated depreciation	182,226	183,148
Buildings, net	52,188	66,451
Tools, furniture and fixtures	412,516	457,760
Accumulated depreciation	333,819	354,291
Tools, furniture and fixtures, net	78,696	103,468
Total property, plant and equipment	130,885	169,920
Intangible assets		
Software	1,341,840	1,622,421
Other	5,524	4,969
Total intangible assets	1,347,364	1,627,390
Investments and other assets		
Investment securities	371,714	538,888
Leasehold deposits	295,985	298,661
Deferred tax assets	316,819	375,263
Other	129,768	130,449
Allowance for doubtful accounts	5,499	5,499
Total investments and other assets	1,108,787	1,337,762
Total non-current assets	2,587,038	3,135,073
Total assets	13,408,665	15,718,321

	(thousands of yen)	
	FY03/2023 (As of Mar. 31, 2023)	FY03/2024 (As of Mar. 31, 2024)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	498,809	422,634
Short-term borrowings	100,000	100,000
Accrued expenses	537,503	535,416
Income taxes payable	406,246	969,646
Advances received	1,128,019	1,312,757
Provision for bonuses	693,722	784,470
Provision for bonuses for directors (and other officers)	80,000	47,900
Reserve for guarantee for after-care of products	22,507	18,942
Provision for loss on orders received	23,334	—
Other	631,280	560,749
Total current liabilities	4,121,422	4,752,518
Non-current liabilities		
Provision for share awards for directors (and other officers)	—	15,387
Total non-current liabilities	—	15,387
Total liabilities	4,121,422	4,767,906
Net assets		
Shareholders' equity		
Share capital	697,600	697,600
Capital surplus	565,273	565,273
Retained earnings	8,033,699	9,759,510
Treasury shares	304	81,175
Total shareholders' equity	9,296,267	10,941,208
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	11,979	37,643
Foreign currency translation adjustment	21,005	28,437
Total accumulated other comprehensive income	9,025	9,206
Total net assets	9,287,242	10,950,415
Total liabilities and net assets	13,408,665	15,718,321

(2) Consolidated Statements of Income and Comprehensive Income
Consolidated Statement of Income

(thousands of yen)

	FY03/2023 (Apr. 1, 2022 – Mar. 31, 2023)	FY03/2024 (Apr. 1, 2023 – Mar. 31, 2024)
Net sales	18,506,410	19,493,075
Cost of sales	11,511,527	11,640,305
Gross profit	6,994,883	7,852,770
Selling, general and administrative expenses	3,748,481	3,967,367
Operating profit	3,246,402	3,885,403
Non-operating income		
Interest income	14	1
Dividend income	9,964	14,588
Subsidy income	356	250
Other	1,479	1,304
Total non-operating income	11,815	16,144
Non-operating expenses		
Interest expenses	2,456	2,454
Foreign exchange losses	365	2,053
Commission expenses	3,999	19,042
Other	1,052	592
Total non-operating expenses	7,875	24,142
Ordinary profit	3,250,342	3,877,404
Profit before income taxes	3,250,342	3,877,404
Income taxes - current	851,883	1,313,867
Income taxes - deferred	70,214	62,259
Total income taxes	922,098	1,251,608
Profit	2,328,244	2,625,796
Profit attributable to owners of parent	2,328,244	2,625,796

Consolidated Statement of Comprehensive Income

(thousands of yen)

	FY03/2023 (Apr. 1, 2022 – Mar. 31, 2023)	FY03/2024 (Apr. 1, 2023 – Mar. 31, 2024)
Profit	2,328,244	2,625,796
Other comprehensive income		
Valuation difference on available-for-sale securities	41,570	25,664
Foreign currency translation adjustment	11,855	7,432
Total other comprehensive income	29,715	18,232
Comprehensive income	2,357,959	2,644,028
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,357,959	2,644,028
Comprehensive income attributable to non-controlling interests	—	—

(3) Consolidated Statement of Changes in Equity

FY03/2023(Apr. 1, 2022 – Mar. 31, 2023)

(thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	697,600	565,273	6,251,448	△156	7,514,164
Changes during period					
Dividends of surplus			△545,993		△545,993
Profit attributable to owners of parent			2,328,244		2,328,244
Purchase of treasury shares				△147	△147
Net changes in items other than shareholders' equity					
Total changes during period	—	—	1,782,250	△147	1,782,103
Balance at end of period	697,600	565,273	8,033,699	△304	9,296,267

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of period	△29,590	△9,149	△38,740	7,475,423
Changes during period				
Dividends of surplus				△545,993
Profit attributable to owners of parent				2,328,244
Purchase of treasury shares				△147
Net changes in items other than shareholders' equity	41,570	△11,855	29,715	29,715
Total changes during period	41,570	△11,855	29,715	1,811,818
Balance at end of period	11,979	△21,005	△9,025	9,287,242

FY03/2024(Apr. 1, 2023 – Mar. 31, 2024)

(thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	697,600	565,273	8,033,699	△304	9,296,267
Changes during period					
Dividends of surplus			△899,985		△899,985
Profit attributable to owners of parent			2,625,796		2,625,796
Purchase of treasury shares				△80,870	△80,870
Net changes in items other than shareholders' equity					
Total changes during period	—	—	1,725,811	△80,870	1,644,940
Balance at end of period	697,600	565,273	9,759,510	△81,175	10,941,208

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of period	11,979	△21,005	△9,025	9,287,242
Changes during period				
Dividends of surplus				△899,985
Profit attributable to owners of parent				2,625,796
Purchase of treasury shares				△80,870
Net changes in items other than shareholders' equity	25,664	△7,432	18,232	18,232
Total changes during period	25,664	△7,432	18,232	1,663,172
Balance at end of period	37,643	△28,437	9,206	10,950,415

(4) Consolidated Statement of Cash Flows

(thousands of yen)

	FY03/2023 (Apr. 1, 2022 – Mar. 31, 2023)	FY03/2024 (Apr. 1, 2023 – Mar. 31, 2024)
Cash flows from operating activities		
Profit before income taxes	3,250,342	3,877,404
Depreciation	699,857	703,341
Increase (decrease) in provision for bonuses	167,631	90,748
Increase (decrease) in provision for bonuses for directors (and other officers)	30,000	32,100
Increase (decrease) in reserve for guarantee for after-care of products	1,408	3,564
Increase (decrease) in provision for loss on orders received	7,173	23,334
Increase (decrease) in provision for share awards for directors (and other officers)	—	15,387
Interest and dividend income	9,979	14,590
Interest expenses	2,456	2,454
Foreign exchange losses (gains)	365	2,053
Decrease (increase) in trade receivables	207,621	265,516
Decrease (increase) in inventories	4,966	6,741
Decrease (increase) in advance payments to suppliers	131,005	37,852
Increase (decrease) in trade payables	79,585	23,873
Increase (decrease) in accrued consumption taxes	163,469	199,626
Increase (decrease) in advances received	144,954	184,738
Other, net	17,562	7,492
Subtotal	4,298,330	4,309,185
Interest and dividends received	9,979	14,590
Interest paid	2,456	2,449
Income taxes paid	1,027,250	767,776
Net cash provided by (used in) operating activities	3,278,602	3,553,549
Cash flows from investing activities		
Purchase of property, plant and equipment	32,021	51,235
Purchase of intangible assets	679,411	935,439
Purchase of investment securities	—	137,694
Other, net	14,806	3,409
Net cash provided by (used in) investing activities	696,626	1,127,778
Cash flows from financing activities		
Purchase of treasury shares	147	80,870
Dividends paid	544,813	898,977
Other, net	4,099	23,495
Net cash provided by (used in) financing activities	549,061	1,003,343
Effect of exchange rate change on cash and cash equivalents	11,855	7,432
Net increase (decrease) in cash and cash equivalents	2,021,059	1,414,996
Cash and cash equivalents at beginning of period	4,945,888	6,966,947
Cash and cash equivalents at end of period	6,966,947	8,381,943